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1 TESTIMONY OF WILLIAM O. RICHARDSON

2 FOR

3 THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

4 DOCKET NO. 97-004-E

5 IN RE: SOUTH CAROLINA ELECTRIC & GAS COMPANY

6  
7 Q. WOULD YOU PLEASE STATE YOUR NAME, ADDRESS AND  
8 OCCUPATION?

9 A. William O. Richardson, 111 Doctors Circle, Columbia,  
10 South Carolina. I am employed by the Public Service  
11 Commission of South Carolina, Utilities Department  
12 as an Engineer Associate.

13 Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND  
14 AND YOUR BUSINESS EXPERIENCE?

15 A. I received a B.S. Degree in Electrical and  
16 Computer Engineering from Clemson University in  
17 1975. I was employed, upon graduation, by Daniel  
18 Construction Company as an Electrical Engineer in  
19 the Power Division. In 1978 I was employed by this  
20 Commission as a Utilities Engineer Associate II. In  
21 February 1991 I was promoted to Utilities Engineer  
22 Associate III. I have attended various courses and  
23 seminars related to engineering, life analysis and  
24 accounting relationships and have testified before  
25 this Commission in other proceedings involving fuel

1 adjustment clauses, purchased gas adjustments and  
2 rate case proceedings of electric, water and  
3 wastewater utilities.

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS  
5 PROCEEDING?

6 A. The purpose of my testimony is to summarize Staff's  
7 findings and recommendations as set forth in the  
8 Utilities Department's portion of the Staff Report.

9 Q. WHAT SPECIFIC AREAS WERE ENCOMPASSED BY STAFF'S  
10 EXAMINATION?

11 A. The Utilities Department's examination of the  
12 Company's fuel operations consists of a review of  
13 the Company's monthly operating reports, review of  
14 the currently approved adjustment for fuel costs  
15 Rider and review of the Company's short-term  
16 projections of kilowatt-hour sales and fuel  
17 requirements.

18 Q. DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR  
19 THE PERIOD?

20 A. Yes, we reviewed the Company's operation of its  
21 generating facilities including special attention to  
22 the nuclear plant operations to determine if the  
23 Company made every reasonable effort to minimize  
24 fuel costs.

25 Q. HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT

1 DETERMINATION THAT THE COMPANY HAS ACTED  
2 UNREASONABLY IN OPERATING ITS FACILITIES AND BY SO  
3 DOING HAS CAUSED ITS CUSTOMERS TO BE SUBJECT TO  
4 PAYING HIGHER FUEL COSTS?

5 A. No, the Company's generating facility operated well  
6 during the period under review. The nuclear unit  
7 averaged 87.4% capacity factor for the period, which  
8 included a refueling outage. The major fossil units  
9 averaged over 90% availability for the majority of  
10 the period under review as indicated on Utilities  
11 Department Exhibit No. 1. Staff also examined  
12 records to determine if the utility achieved an  
13 adjusted capacity factor for the period under review  
14 of 92.5% as required by the statute to presume cost  
15 minimization. Including a reasonable refueling  
16 outage, the nuclear generation systems net capacity  
17 factor rose to 96.8%, exceeding the statutory  
18 requirement threshold of 92.5% to presume cost  
19 minimization.

20 Q. HAS STAFF DETERMINED THAT ANY CHANGES TO THE  
21 ADJUSTMENT FOR FUEL COSTS TARIFF NEED TO BE MADE AT  
22 THE PRESENT TIME?

23 A. Yes, the Adjustment for Fuel Costs Tariff, Exhibit  
24 No. 8, should have the language deleted that states  
25 "for the succeeding six months or shorter period:".

1 This is due to the change in the statute that  
2 requires a 12 month (annual) review period instead  
3 the 6 months (semi-annual review) period.

4 **Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES**  
5 **DEPARTMENT'S EXHIBITS?**

6 **A. Exhibit No. 2** shows the Company's Unit Outages for  
7 the months of March 1996 through February 1997,  
8 listing the plants by unit, duration of the outage,  
9 reason for the outage, and corrective action taken.  
10 **Exhibit No. 3** lists the Company's percentage  
11 Generation Mix by fossil, nuclear, and hydro for the  
12 period March 1996 through February 1997. **Exhibit**  
13 **No. 4** reflects the Company's major plants by name,  
14 type of fuel used, average fuel cost in cents per  
15 KWH to operate, and total megawatt-hours generated  
16 for the twelve months ending February 1997.  
17 **Exhibit No. 5** shows a comparison of the Company's  
18 original retail megawatt-hour estimated sales to the  
19 actual sales for the period under review. **Exhibit**  
20 **No. 6** is a comparison of the original fuel factor  
21 projections to the factors actually experienced for  
22 the twelve months ending February 1997. **Exhibit No.**  
23 **7** is a graphical representation of the data in  
24 **Exhibit No. 6** including historical and projected  
25 data for the period through April 1998. **Exhibit**

1       No. 8 is the Company's currently approved Retail  
2       Adjustment for Fuel Costs tariff. Exhibit No. 9 is  
3       a history of the cumulative recovery account.  
4       Exhibit No. 10 is a table of estimates for the  
5       cumulative recovery account balance for various base  
6       levels of fuel factors for the period ending April  
7       1998.

8       Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9       A. Yes, it does.